GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:668
ANSWERED ON:12.05.2005
OIL IMPORT BILL
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) Whether the Government's oil import bill during the year 2004-05 has increased by 32 per cent;

(b) if so, the factors responsible for such a steep hike in oil import bill;

(c) the steps taken by the Government to check such hike in oil import bills;

(d) whether the Government has chalked out any scheme to meet the oil requirements of the country without resorting to excessive imports and subsequent price rise of petroleum products; and

(e) if so, the details therefor?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NUMBER 668 TO BE ANSWERED ON 12TH MAY, 2005 REGARDING OIL IMPORT BILLS

(a) & (b): The import bill for the year 2003-04 and 2004-05 is given in the Annex. While imports for the year 2004-05 have registered a growth of 6.4% in terms of quantity and 41.5% in terms of value, exports have also grown 20.5% in terms of quantity and 69.1% in terms of value as compared to the year 2003-04. Net imports (crude oil and petroleum products) for the year 2004-05 have registered a growth of 4.0% in terms of quantity and 35.5% in terms of value as compared to 2003-04. The main factor responsible for the hike in the import bill is the spike in crude oil price(Indian basket) which increased over the year by 40.27% from an average of US$ 27.96 during 2003-04 to US$ 39.22 in 2004-05. The peak price recorded in 2004-05 was US $ 51.64 per barrel on 17.3.2005 (Indian basket).

(c) to (e): With around 70% import dependency, which is likely to rise to 85% over the next 20 years, Indian crude oil prices will necessarily be heavily influenced by international prices. Taking this into account, Government have taken the following steps for creating an Energy secured environment :-

(i) Implement Enhanced Oil Recovery (EOR)/Improved Oil Recovery(IOR) schemes to augment recovery from existing major fields. In this regard, Oil and Natural Gas Corporation Limited (ONGC) have taken up 15 fields for this purpose at an estimated investment of Rs. 10,000 crore.

(ii) Increase exploration efforts through the New Exploration Licensing Policy(NELP). Under the four rounds of NELP, Production Sharing Contracts (PSCs) have been signed for 90 blocks. Bids for 20 exploratory blocks have now been invited under NELP -V. The response from the international oil community appears to be more encouraging than ever before.

(iii) Speed up exploration efforts by ONGC and OIL in the blocks allocated to them on a nomination basis, on their own or in collaboration with other partners.

(iv) Explore new areas, especially in deep water and difficult frontier areas, as also explore the deeper layers of already producing fields.

(v) Develop newly discovered fields faster and in producing areas; and step up the use of new technologies for seismic surveys, work over, simulation operations, drilling of wells etc.

(vi) Acquire producing and prospective acreages abroad. ONGC-Videsh Limited (OVL), Indian Oil Corporation Limited (IOCL), GAIL(Indian) Ltd. and Oil India Ltd. (OIL) have already acquired

Participating Interests in over a dozen countries and the oil sector is exploring the possibilities in as many as 47 countries. To this end, oil diplomacy is being harnessed to commercial endeavour.

(vii) Make efforts to import natural gas in the form of Liquefied Natural Gas (LNG) as well as through trans-national pipelines from gas rich regions such as West Asia (including Iran), Central Asia, and South-East Asia, specifically Myanmar.

(viii) Strategic crude oil storage of 5 million metric tones (MMT) capacity as an emergency response mechanism against short-term oil supply disruptions.

Annex

The quantity and value of crude and petroleum product imported during 2003-04 and 2004-05

	2003-04		2004-05#	
	Quantity (TMT)	Value (Rs Crore)	Quantity (TMT)	Value (Rs Crore)
Crude	90,434	83,528	95,861	1,17,032
Product import	8,001	9,723	8,872	14,950
Total imports	98,435	93,251	1,04,733	1,31,982
Product export	14,620	16,781	17,624	28,386
Net imports	83,815	76,470	87,209	1,03,596

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